

TOWNSHIP OF GREEN  
Alpena County, Michigan  
04-1020

GENERAL PURPOSE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

## AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

<b>Local Government Type</b> <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		<b>Local Government Name</b> Township of Green	<b>County</b> Alpena
<b>Audit Date</b> March 31, 2004	<b>Opinion Date</b> July 26, 2004	<b>Date Accountant Report Submitted to State:</b> July 26, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

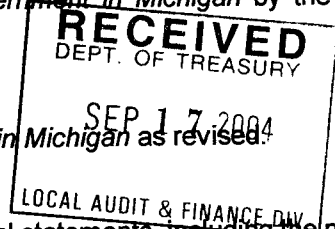
We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |  |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).   |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).   |



### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

<b>Certified Public Accountant (Firm Name)</b> Campbell, Kusterer & Co., P.C.			
<b>Street Address</b> 512 N. Lincoln, Suite 100, P.O. Box 686	<b>City</b> Bay City	<b>State</b> MI	<b>Zip</b> 48707
<b>Accountant Signature</b> <i>Campbell, Kusterer &amp; Co., P.C.</i>			

TOWNSHIP OF GREEN  
Alpena County, Michigan

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1
General Purpose Financial Statements:		
Combined Balance Sheet – All Fund Types and Account Groups	A	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types	B	3-4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	C	5-6
Notes to Financial Statements		7-12
Supplementary Information:		
General Fund Expenditures by Detailed Account	D	13-15
Current Tax Collection Fund Statement of Changes in Assets and Liabilities	E	16
Current Tax Collection Fund Statement of Cash Receipts and Disbursements	F	17

# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA  
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100  
P.O. BOX 686  
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040  
FAX (989) 894-5494

## INDEPENDENT AUDITOR'S REPORT

July 26, 2004

To the Township Board  
Township of Green  
Alpena County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Green, Alpena County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Green's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Green, Alpena County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Green, Alpena County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Campbell, Kusterer & Co., P.C.*

CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

TOWNSHIP OF GREEN  
Alpena County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	<u>Governmental Fund Type General</u>	<u>Fiduciary Fund Type Agency</u>	<u>Account Group General Fixed Assets</u>
<u>Assets</u>			
Cash in bank	90 454 53	5 07	-
Taxes receivable	4 864 74	-	-
Due from other funds	5 07	-	-
Land	-	-	11 870 29
Buildings	-	-	121 364 00
Equipment	-	-	315 283 85
Total Assets	<u>95 324 34</u>	<u>5 07</u>	<u>448 518 14</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	1 512 58	-	-
Due to other funds	-	5 07	-
Total liabilities	<u>1 512 58</u>	<u>5 07</u>	<u>-</u>
Fund equity:			
Investment in general fixed assets	-	-	448 518 14
Fund balances:			
Unreserved:			
Undesignated	93 811 76	-	-
Total fund equity	<u>93 811 76</u>	<u>-</u>	<u>448 518 14</u>
Total Liabilities and Fund Equity	<u>95 324 34</u>	<u>5 07</u>	<u>448 518 14</u>

The accompanying notes are an integral part of these financial statements.

Total  
(Memorandum  
Only)

---

90 459 60

4 864 74

5 07

11 870 29

121 364 00

---

315 283 85

---

543 847 55

1 512 58

5 07

---

1 517 65

448 518 14

---

93 811 76

---

542 329 90

---

543 847 55

TOWNSHIP OF GREEN  
Alpena County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B  
Page 1

	Total (Memorandum Only) Governmental Fund Type General
Revenues:	
Property taxes	46 611 41
Other taxes	1 403 56
Licenses and permits	26 182 00
Charges for services – PTAF	16 801 47
State revenue sharing	83 670 65
Interest	987 02
Miscellaneous	36 647 20
Total revenues	212 303 31
Expenditures:	
Legislative:	
Township Board	10 560 23
General government:	
Supervisor	4 665 72
Elections	79 49
Assessor	32 689 65
Clerk	8 464 98
Board of Review	1 570 88
Treasurer	18 619 33
Building and grounds	7 858 10
Cemetery	4 211 59
Public safety:	
Fire protection	58 859 72
Planning and zoning	5 464 76
Liquor law enforcement	1 486 65
Inspections	26 182 00
Public works:	
Highways and streets	19 593 40
Recreation:	
Recreation	14 34
Capital outlay	17 952 14
Total expenditures	218 272 98

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN  
Alpena County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B  
Page 2

	Total (Memorandum Only) <u>Governmental Fund Type General</u>
Excess (deficiency) of revenues over expenditures	(5 969 67)
Fund balance, April 1	<u>99 781 43</u>
Fund Balance, March 31	<u><u>93 811 76</u></u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF GREEN  
Alpena County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

Year Ended March 31, 2004

EXHIBIT C

Page 1

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	45 000 00	46 611 41	1 611 41
Other taxes	1 400 00	1 403 56	3 56
Licenses and permits	26 181 50	26 182 00	50
Charges for services – PTAF	16 172 00	16 801 47	629 47
State revenue sharing	86 485 00	83 670 65	(2 814 35)
Interest	500 00	987 02	487 02
Miscellaneous	<u>31 325 00</u>	<u>36 647 20</u>	<u>5 322 20</u>
Total revenues	<u>207 063 50</u>	<u>212 303 31</u>	<u>5 239 81</u>
Expenditures:			
Legislative:			
Township Board	14 750 00	10 560 23	(4 189 77)
General government:			
Supervisor	5 800 00	4 665 72	(1 134 28)
Elections	1 300 00	79 49	(1 220 51)
Assessor	32 689 65	32 689 65	-
Clerk	8 800 00	8 464 98	(335 02)
Board of Review	1 570 88	1 570 88	-
Treasurer	16 100 00	18 619 33	2 519 33
Building and grounds	10 150 00	7 858 10	(2 291 90)
Cemetery	4 581 88	4 211 59	(370 29)
Public safety:			
Fire protection	58 975 00	58 859 72	(115 28)
Planning and zoning	5 900 00	5 464 76	(435 24)
Liquor law enforcement	1 485 00	1 486 65	1 65
Inspections	26 181 50	26 182 00	50
Public works:			
Highways and streets	21 000 00	19 593 40	(1 406 60)
Recreation:			
Recreation	500 00	14 34	(485 66)
Other:			
Contingency	73 803 74	-	(73 803 74)
Capital outlay	<u>18 000 00</u>	<u>17 952 14</u>	<u>(47 86)</u>
Total expenditures	<u>301 587 65</u>	<u>218 272 98</u>	<u>(83 314 67)</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN  
Alpena County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

Year Ended March 31, 2004

EXHIBIT C  
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Excess (deficiency) of revenues over expenditures	(94 524 15)	(5 969 67)	88 554 48
Fund balance, April 1	<u>94 524 15</u>	<u>99 781 43</u>	<u>5 257 28</u>
Fund Balance, March 31	<u>-</u>	<u>93 811 76</u>	<u>93 811 76</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN  
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Green, Alpena County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Green. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Fund

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Account Group

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

TOWNSHIP OF GREEN  
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14, with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 1.1444 mills and the taxable value was \$40,746,710.00.

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

TOWNSHIP OF GREEN  
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements.

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.

TOWNSHIP OF GREEN  
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF GREEN  
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 2 – Deposits and Investments (continued)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>90 459 60</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	91 084 60
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>91 084 60</u>

The Township of Green did not have any investments as of March 31, 2004.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land	10 900 00	970 29	-	11 870 29
Buildings	121 364 00	-	-	121 364 00
Equipment	<u>298 302 00</u>	<u>16 981 85</u>	<u>-</u>	<u>315 283 85</u>
Totals	<u>430 566 00</u>	<u>17 952 14</u>	<u>-</u>	<u>448 518 14</u>

Note 4 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>5 07</u>	Current Tax Collection	<u>5 07</u>
Total	<u>5 07</u>	Total	<u>5 07</u>

TOWNSHIP OF GREEN  
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 6 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes a percentage of each covered employee's wages to the plan. The pension expense for the fiscal year ended March 31, 2004, was \$2,878.75.

Note 7 – Budget Variances

For the fiscal year ended March 31, 2004, Township expenditures exceeded budgeted amounts as follows:

	<u>Final Budget</u>	<u>Total Expenditures</u>	<u>Budget Variance</u>
General Fund Activity:			
Treasurer	16 100 00	18 619 33	2 519 33
Liquor law enforcement	1 485 00	1 486 65	1 65
Inspections	26 181 50	26 182 00	50

Note 8 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 – Building Permits

The Township of Green issues building permits. For the fiscal year ended March 31, 2004, building permit revenue was \$26,182.00 and building permit expense was \$26,182.00.

Note 10 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.



TOWNSHIP OF GREEN  
Alpena County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2004

EXHIBIT D  
Page 1

Township Board:	
Salaries and wages	1 770 00
Payroll taxes	1 253 00
Retirement	2 878 75
Legal	981 88
Insurance	297 00
Printing and publishing	189 56
Dues	763 29
Contracted services	2 426 75
	<u>10 560 23</u>
Supervisor:	
Salary	4 640 00
Office supplies	25 72
	<u>4 665 72</u>
Elections:	
Office supplies	79 49
	<u>79 49</u>
Assessor:	
Wages	10 437 60
Contracted services	13 350 00
Supplies	7 987 73
Telephone	914 32
	<u>32 689 65</u>
Clerk:	
Salary	7 180 00
Rent	700 00
Supplies	552 18
Mileage	12 80
Miscellaneous	20 00
	<u>8 464 98</u>
Board of Review:	
Salaries	1 100 00
Miscellaneous	470 88
	<u>1 570 88</u>
Treasurer:	
Salary	9 222 00
Deputy wages	218 76
Contracted service	2 448 70
Rent	700 00
Supplies	2 904 72
Mileage	1 313 18
Miscellaneous	1 811 97
	<u>18 619 33</u>

TOWNSHIP OF GREEN  
Alpena County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2004

EXHIBIT D  
Page 2

Building and grounds:	
Supplies	528 98
Contracted services	3 150 00
Insurance	296 00
Repairs and maintenance	686 93
Utilities	3 196 19
	<u>7 858 10</u>
Cemetery:	
Salary	2 918 00
Contracted services	870 00
Insurance	12 00
Repairs and maintenance	315 59
Utilities	96 00
	<u>4 211 59</u>
Fire protection:	
Contracted services	2 000 00
Insurance	10 486 00
Repairs and maintenance	6 911 38
Utilities	3 408 23
Mileage	209 92
911 sign project	10 509 48
Supplies	19 770 68
Snow plowing	1 460 00
Miscellaneous	4 104 03
	<u>58 859 72</u>
Planning and zoning:	
Zoning administrator	2 600 00
Wages	2 290 00
Mileage	172 80
Miscellaneous	401 96
	<u>5 464 76</u>
Liquor law enforcement:	
Wages	1 445 68
Supplies	40 97
	<u>1 486 65</u>
Inspections:	
Wages	26 182 00
	<u>26 182 00</u>
Highways and streets:	
Repairs and maintenance	19 593 40
	<u>19 593 40</u>

TOWNSHIP OF GREEN  
Alpena County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2004

EXHIBIT D  
Page 3

Recreation	<u>14 34</u>
Capital outlay	<u>17 952 14</u>
Total Expenditures	<u>218 272 98</u>

TOWNSHIP OF GREEN  
Alpena County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
Year Ended March 31, 2004

EXHIBIT E

<u>CURRENT TAX COLLECTION FUND</u>	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
<u>Assets</u>				
Cash in bank	<u>51 521 92</u>	<u>1 173 239 75</u>	<u>1 224 756 60</u>	<u>5 07</u>
Total Assets	<u>51 521 92</u>	<u>1 173 239 75</u>	<u>1 224 756 60</u>	<u>5 07</u>
<u>Liabilities</u>				
Due to other funds	51 521 92	56 242 74	107 759 59	5 07
Due to others	-	<u>1 116 997 01</u>	<u>1 116 997 01</u>	-
Total Liabilities	<u>51 521 92</u>	<u>1 173 239 75</u>	<u>1 224 756 60</u>	<u>5 07</u>

TOWNSHIP OF GREEN  
Alpena County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
Year Ended March 31, 2004

EXHIBIT F

Cash in bank – beginning of year	<u>51 521 92</u>
Receipts:	
Taxes	1 161 670 92
Property tax administration fees	11 524 35
Interest	44 48
Total receipts	<u>1 173 239 75</u>
Total beginning balance and cash receipts	<u>1 224 761 67</u>
Disbursements:	
Township General Fund	107 759 59
Alpena Public Schools	351 005 41
Hilman Schools	115 324 30
Educational Service District	80 727 95
Alpena Community College	71 510 30
Alpena County	496 719 46
Refunds	1 709 59
Total disbursements	<u>1 224 756 60</u>
Cash in Bank – End of Year	<u>5 07</u>

# **CAMPBELL, KUSTERER & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA  
KENNETH P. KUSTERER, CPA

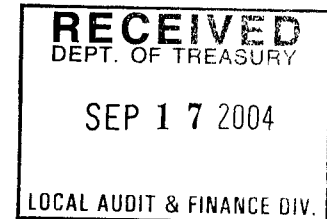
512 N. LINCOLN AVE. - SUITE 100  
P.O. BOX 686  
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040  
FAX (989) 894-5494

## **AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS**

July 26, 2004

To the Township Board  
Township of Green  
Alpena County, Michigan



We have audited the financial statements of the Township of Green, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES**

We conducted our audit of the financial statements of the Township of Green in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board  
Township of Green  
Alpena County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board  
Township of Green  
Alpena County, Michigan

### **GASB 34 IMPLEMENTATION**

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Green will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

#### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

*Campbell, Kusterer & Co., P.C.*

CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants